

CBO's Economic Projections for Calendar Years 2004 Through 2014

	Actual 2003	Forecast		Projected Annual Average	
		2004	2005	2006-2009	2010-2014
Nominal GDP					
In billions of dollars	11,004	11,753	12,464	15,016 ^a	18,628 ^b
As a percentage change	4.9	6.8	6.1	4.8	4.4
Real GDP (Percentage change)	3.0	4.5	4.1	3.0	2.6
GDP Price Index (Percentage change)	1.8	2.2	1.8	1.7	1.8
Consumer Price Index ^c (Percentage change)	2.3	2.6	2.0	2.2	2.2
Unemployment Rate (Percent)	6.0	5.6	5.2	5.2	5.2
Three-Month Treasury Bill Rate (Percent)	1.0	1.3	2.6	4.5	4.6
Ten-Year Treasury Note Rate (Percent)	4.0	4.6	5.4	5.5	5.5
Tax Bases (Percentage of GDP)					
Corporate book profits	7.9	8.9	11.7	10.0	9.1
Wages and salaries	46.4	45.7	45.8	46.1	46.1
Tax Bases (Billions of dollars)					
Corporate book profits	874	1,045	1,455	1,411 ^a	1,710 ^b
Wages and salaries	5,104	5,370	5,703	6,924 ^a	8,592 ^b

Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis; Department of Labor, Bureau of Labor Statistics; Federal Reserve Board.

Note: Percentage changes are year over year. Year-by-year economic projections for calendar and fiscal years 2004 through 2014 appear in Appendix C.

a. Level in 2009.

b. Level in 2014.

c. The consumer price index for all urban consumers.

Key Assumptions in CBO's Projection of Potential Output

(By calendar year, in percent)

	Average Annual Growth						Projected Average Annual Growth		
	1950-1973	1974-1981	1982-1990	1991-1995	1996-2003	Total, 1950-2003	2004-2009	2010-2014	Total, 2004-2014
Overall Economy									
Potential Output	3.9	3.3	3.1	2.6	3.4	3.5	3.1	2.6	2.8
Potential Labor Force	1.6	2.5	1.6	1.2	1.2	1.6	1.1	0.6	0.9
Potential Labor Force Productivity ^a	2.3	0.8	1.4	1.4	2.2	1.8	2.0	1.9	1.9
Nonfarm Business Sector									
Potential Output	4.0	3.6	3.2	3.0	3.9	3.7	3.4	2.9	3.2
Potential hours worked	1.4	2.3	1.4	1.4	1.4	1.5	1.2	0.7	1.0
Capital input	3.9	4.5	4.1	2.5	4.6	4.0	3.9	3.5	3.7
Potential total factor productivity	1.9	0.7	0.9	1.2	1.6	1.4	1.4	1.3	1.4
Potential TFP excluding adjustments	1.9	0.6	1.0	1.2	1.2	1.4	1.2	1.2	1.2
TFP adjustments	0	0	0	*	0.4	0.1	0.2	0.1	0.2
Computer quality ^b	0	0	0	*	0.1	*	*	*	*
Price measurement ^c	0	0	0	*	0.1	*	0.1	0.1	0.1
Temporarily faster growth ^d	0	0	0	0	0.2	*	*	0	*
Contributions to Growth of Potential Output (Percentage points)									
Potential hours worked	1.0	1.6	1.0	1.0	1.0	1.1	0.8	0.5	0.7
Capital input	1.2	1.3	1.2	0.8	1.4	1.2	1.2	1.0	1.1
Potential TFP	1.9	0.7	0.9	1.2	1.6	1.4	1.4	1.3	1.4
Total Contributions	4.0	3.7	3.1	3.0	3.9	3.7	3.4	2.9	3.2
Memorandum:									
Potential Labor Productivity ^e	2.6	1.2	1.7	1.6	2.5	2.2	2.2	2.2	2.2

Source: Congressional Budget Office.

Note: * = between zero and 0.05.

- The ratio of potential output to the potential labor force.
- An adjustment for technological advances in the computer manufacturing sector.
- An adjustment for a conceptual change in the official measure of the GDP price index.
- An adjustment for the unusually rapid growth between 2001 and 2003.
- The estimated trend in the ratio of output to hours worked in the nonfarm business sector.

CBO's Year-by-Year Forecast and Projections for Calendar Years 2004 Through 2014

	Actual 2003	Forecast		Projected								
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Nominal GDP (Billions of dollars)	11,004	11,753	12,464	13,058	13,682	14,340	15,016	15,697	16,397	17,111	17,856	18,628
Nominal GDP (Percentage change)	4.9	6.8	6.1	4.8	4.8	4.8	4.7	4.5	4.5	4.4	4.4	4.3
Real GDP (Percentage change)	3.0	4.5	4.1	3.2	3.1	3.0	2.9	2.7	2.6	2.5	2.5	2.5
GDP Price Index (Percentage change)	1.8	2.2	1.8	1.5	1.6	1.7	1.8	1.8	1.8	1.8	1.8	1.8
Consumer Price Index ^a (Percentage change)	2.3	2.6	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Employment Cost Index ^b (Percentage change)	2.9	2.5	3.1	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Unemployment Rate (Percent)	6.0	5.6	5.2	5.1	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Three-Month Treasury Bill Rate (Percent)	1.0	1.3	2.6	4.0	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Ten-Year Treasury Note Rate (Percent)	4.0	4.6	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Tax Bases (Billions of dollars)												
Corporate book profits	874	1,045	1,455	1,430	1,384	1,390	1,411	1,447	1,495	1,552	1,621	1,710
Wages and salaries	5,104	5,370	5,703	6,003	6,303	6,611	6,924	7,238	7,560	7,891	8,235	8,592
Tax Bases (Percentage of GDP)												
Corporate book profits	7.9	8.9	11.7	11.0	10.1	9.7	9.4	9.2	9.1	9.1	9.1	9.2
Wages and salaries	46.4	45.7	45.8	46.0	46.1	46.1	46.1	46.1	46.1	46.1	46.1	46.1

Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis; Department of Labor, Bureau of Labor Statistics; Federal Reserve Board.

Note: Percentage changes are year over year.

a. The consumer price index for all urban consumers.

b. The employment cost index for wages and salaries only, private-industry workers.